

**Rules for Treatment of Rights Pertaining to  
Standardized Margin Transactions**  
(as of December 1, 2014)

Tokyo Stock Exchange, Inc.

**Rule 1. Purpose**

These Rules shall prescribe necessary matters for treatment of dividend rights, stock subscription rights upon stock-splits, and any other rights pertaining to the standardized margin transactions of listed securities in the market of the Exchange pursuant to the provisions of Rule 9 of the Regulations Regarding Margin Transactions and Loans for Margin Transactions.

**Rule 2. Ex-dividend Adjusted Amount, etc.**

1. In the event that any payment of dividends from surplus (limited to those whose dividend assets are money, and including income distribution pertaining to investment trust beneficiary certificates and foreign investment trust beneficiary certificates; and money distribution pertaining to investment securities and foreign investment securities,) or any other payment of money (hereinafter referred to as the "dividends, etc.") is made with respect to an issue for which the standardized margin transaction is carried out, a trading participant shall pay an amount obtained by deducting an amount equivalent to withholding tax on dividend income, etc. (including withholding tax on any amount deemed to be dividend income in terms of the tax code) from the amount of the dividends, etc. to be paid to shareholders of said issue (including preferred equity investors, beneficiaries, investors, investment corporation creditors, holders of depositary receipts; the same shall apply hereinafter) (hereinafter referred to as the "ex-dividend adjusted amount") to a customer who has obtained a loan of money for the standardized margin transaction (hereinafter referred to as the "margin buying customer") as of a date of fixing shareholders entitled to receive payment of dividends from an issuer of said issue, and shall collect the ex-dividend adjusted amount from a customer who has obtained a loan of stocks (including preferred equity investment securities (meaning a preferred equity investment security issued by a cooperative structured financial institution; the same shall apply hereinafter), investment trusts, foreign investment trusts, beneficiary certificates of a beneficiary certificate issuing trust, beneficiary certificates of a foreign beneficiary certificate issuing trust (meaning securities or certificates issued by a foreign corporation which have the characteristics of beneficiary certificates of a beneficiary certificate issuing trust), investment securities, foreign investment securities, and foreign stock depositary receipts (meaning depositary receipts representing rights pertaining to a stock issued by a foreign corporation; the same shall apply hereinafter) for the standardized margin transaction (hereinafter referred to as the "margin selling customer").

2. In the event that any stock dividend or stock distribution is made with respect to an issue for which the standardized margin transaction is conducted with regard to a foreign stock (including foreign stock depositary receipts and a foreign investment trust beneficiary certificates (meaning, out of securities trust beneficiary certificates prescribed in Article 2-3, Item 3 of the Enforcement Ordinance, those whose entrusted securities prescribed in the same item are foreign stocks; the same shall apply hereinafter)), a trading participant shall pay an amount equivalent to the value of dividend stocks or distributed stocks (hereinafter referred to as the "dividend stocks, etc.") calculated based on the appendix "Table for calculating right treatment values" to a margin buying customer; and collect such amount from a margin selling customer.
3. Payment and collection of money prescribed in the preceding two paragraphs shall be made without delay on or after the day on which an issuer of the relevant issue makes a payment of dividends, etc. (including stock dividends and other stock distributions prescribed in the preceding paragraph) (hereinafter referred to as the "dividend delivery day").

**Rule 3. Deposit of Money for Expected Ex-dividend Adjusted Amount, etc.**

In the event that a trading participant is to receive an amount of money equivalent to the ex-dividend adjusted amount or dividend stocks, etc. from a margin selling customer pursuant to the provisions of the preceding rule, the trading participant may, if deemed necessary, make the margin selling customer deposit an amount of money equivalent to the expected ex-dividend adjusted amount or expected dividend stocks, etc. prior to the dividend delivery day.

**Rule 4. Rights to Receive Shares due to Stock Split, etc.**

1. In the event that any of the following rights such is granted with respect to an issue for which the standardized margin transaction is conducted, a trading participant shall pay to a margin buying customer as of the date of allotment of such rights and collect from a margin selling customer the amount money equivalent to the value of such right which is calculated in accordance with the appendix "Table for calculating right treatment values" (hereinafter referred to as the "right treatment value, etc."):
  - (a) The rights to receive shares due to a stock split, etc. as defined below
    - (i) The right to receive shares (including preferred investments, beneficiary rights, investment units, and rights represented on foreign stock depositary receipts; the same shall apply hereinafter) due to a stock split (including a split of preferred investments, a split of beneficiary rights, a split of investment units, and those that have the same characteristics as these splits with respect to foreign stock depositary receipts; the same shall apply hereinafter);
    - (ii) The right to receive shares due to a gratis allotment of shares (including

- those that have the same characteristics as such allotment with respect to foreign stock depositary receipts and foreign stock trust beneficiary certificates; the same shall apply hereinafter); and
- (iii) The right to receive shares due to a corporate demerger;
- (b) The subscription warrants (limited to those allotted to shareholders, but including new investment unit subscription warrants, rights to receive allotment of shares as well as rights to receive allotment of preferred equity investments, new beneficiary rights, and rights represented on foreign stock depositary receipts; the same shall apply hereinafter); or
- (c) The right to receive allotment of subscription warrants.
2. The amount of money to be paid to a margin buying customer pursuant to the provisions of the preceding paragraph shall be settled by deducting it from the amount of purchase consideration lent to the customer for the standardized margin transaction. The amount of money to be collected from a margin selling customer pursuant to the provisions of the preceding paragraph shall be settled by deducting it from the sales proceeds deposited as collateral by the customer for the standardized margin transaction.
3. Notwithstanding the provisions of the preceding two paragraphs, in the event that a right to receive shares due to a stock split or a right to receive shares due to a gratis allotment of shares (limited to the case where allotment of the same class of shares as those for which the standardized margin transaction is conducted) is granted with respect to an issue for which the standardized margin transaction is conducted (limited to cases where the day immediately following the record date for identifying shareholders entitled to receive rights pertaining to such stock split or gratis allotment is the effective date of such stock split or gratis allotment), and, further, that the number of new shares (including, in the case of treasury share allotment, treasury shares; the same shall apply hereinafter), which is equal to integral multiples of the number of one trading unit as specified by the Exchange pursuant to the provisions of Rule 15 of the Business Regulations, is allotted, the number of securities purchased and securities sold shall be adjusted to the number obtained by multiplying such number by the allotment ratio of new shares plus one (1), and the purchase price or selling price of the securities shall be adjusted to the value obtained by dividing such price by the allotment ratio of new shares plus one (1). In this regard, however, if the purchase price or selling price after adjustment includes any fraction less than one (1) yen, such fraction shall be rounded down to the nearest whole value in yen in order to calculate the purchase price or selling price for the new stock. In addition, any purchase price or selling price for a stock subject to said stock split or gratis allotment shall be calculated first by multiplying a purchase price or selling price for the new stock by the allotment ratio of new shares; then deducting such amount from the purchase price or selling price before adjustment.
4. In the event that the standardized margin transaction is to be continued after the ex-dividend day, if the value obtained by deducting the right treatment

value from the purchase price or selling price, and the value obtained by dividing the purchase price or selling price by the allotment ratio of new shares plus one (1) amounts to any fraction less than one (1) yen, a trading participant shall pay to a margin buying customer and collect from a margin selling customer the deficient amount of such fractional value to make one (1) share (or one unit in the case of preferred equity investment securities, investment trust beneficiary certificates, investment securities, and foreign stock trust beneficiary certificates; or one receipt in the case of foreign stock depositary receipts) to be one (1) yen.

5. Notwithstanding the provisions of Paragraph 1, in the event that any treatment of rights is deemed inappropriate by the Exchange, taking into consideration the contents of the right granted such as exercise conditions, transferability, cash convertibility and other factors, such treatment shall not be carried out.

#### **Rule 5. Subscription for New Shares, etc.**

1. Notwithstanding the provisions of the preceding rule, in the event that any right to receive shares resulting from a stock split, etc. is granted with respect to an issue for which the standardized margin transaction is conducted (excluding cases where any treatment has been carried out pursuant to the provisions of Paragraph 3 of the preceding rule), and if a margin buying customer requests to undertake subscription of a number of new shares, out of new shares allotted, equal to integral multiples of one trading unit as specified by the Exchange pursuant to the provisions of Rule 15 of the Business Regulations (meaning one unit for a stock issued by an issuer of the relevant new shares which is not listed on the Exchange or any other financial instruments exchanges (Note: if the issuer specifies the number of shares for one Share Unit (meaning a "Share Unit" prescribed in the provisions of Article 2, Item 20 of the Companies Act (Act No. 86 of 2005), it shall be such number of shares for one Share Unit, or if the issuer does not specify the number of shares for one Share Unit, it shall be one share, or one unit in the case of preferred equity investment securities and foreign stock trust beneficiary certificates; or one receipt in the case of foreign stock depositary receipts; the same shall apply hereinafter), and the trading participant is able to accept such request, then the trading participant may carry out the treatment of rights by transferring new shares.
2. Notwithstanding the provisions of the preceding rule, in the event that any subscription warrant (excluding subscription warrants with restriction on transfer) is granted with respect to an issue for which the standardized margin transaction is conducted, and if a margin buying customer requests to subscribe for the number of new shares, out of new shares allotted, equal to the integral multiples of one trading unit as specified by the Exchange pursuant to the provisions of Rule 15 of the Business Regulations, and the trading participant is able to accept such request, then the trading participant may transfer subscription warrants or transfer new shares after collecting the amount to be paid in for new shares from the margin buying customer.

3. Notwithstanding the provisions of the preceding rule, in the event that any right to receive an allotment of subscription warrants (excluding rights to receive subscription warrants with restriction on transfer) is granted with respect to an issue for which the standardized margin transaction is conducted, and if a margin buying customer requests to subscribe for such warrants, and a trading participant is able to accept such request, then the trading participant may transfer subscription warrants.
4. In the event that a trading participant transfers new shares or subscription warrants pursuant to each of the preceding paragraphs, the trading participant shall collect the amount of money equivalent to the right treatment value from a margin buying customer and deduct the said amount from the purchase price lent to the customer for the standardized margin transaction.
5. In the event that any standardized margin transaction is to be continued after the ex-dividend day, and if the value obtained by deducting the right treatment value from the purchase price and the value obtained by dividing the purchase price by the allotment ratio of new shares plus one (1) amounts to any fraction less than one (1) yen, a trading participant shall pay to a margin buying customer the deficient amount of such fractional value to make one (1) share (or one (1) unit in the case of preferred equity investment securities, investment trust beneficiary certificates, investment securities, and foreign stock trust beneficiary certificates; or one receipt in the case of foreign stock depositary receipts) to be one (1) yen.

#### **Rule 6. Date of Collection and Payment of Money**

Collection and payment of money pursuant to the provisions of the preceding two rules (including calculation and adjustment as prescribed in Paragraphs 2 and 3 of Rule 4) shall be made on the day immediately following the settlement day of trading on the last day of trading cum-rights of the relevant issue (if the day falls on a non-business day of the Exchange, it shall be deferred to the next business day).

#### **Rule 7. Date of Delivery and Receipt of New Shares, etc.**

Delivery and receipt of new shares or subscription warrants as prescribed in Rule 5, Paragraphs 1 through 3 shall be made without delay on and after the day on which the issuer of the relevant issue starts to deliver new shares or subscription warrants.

#### **Rule 8. Delivery and Receipt of Subscription Warrants by the Book-Entry Transfer**

Delivery and receipt of subscription warrants as prescribed in Rule 5, Paragraph 2 shall be made through the book-entry transfer, if the subscription warrant securities are listed on the Exchange.

**Rule 9. Rights Including Voting Rights, etc.**

In the standardized margin transaction of securities listed on the Exchange, the Exchange shall not treat voting rights of the general shareholders meetings, the right of a shareholder to inspect the books, complimentary goods for shareholders, etc. as rights prescribed herein.

**Rule 10. Special Treatment of Rights, etc.**

In cases of allotments of rights or dividends, etc. of surplus pertaining to the standardized margin transaction which are not prescribed in these Rules and where the Exchange deems that treatments of rights or adjustments of dividends of surplus, etc. in accordance with these Rules particularly inappropriate, the Exchange shall specify treatments or adjustments of such rights, etc. on a case-by-case basis.